Government of
Saskatchewan

Financial Statement
2002-2003

Saskatchewan
Correspondence
School

Saskatchewan
Our Future is Wide Open

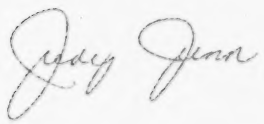
Letter of Transmittal

The Honourable Dr. Lynda M Haverstock
Lieutenant Governor
Province of Saskatchewan

Your Honour,

I have the honour to submit for your consideration the Financial Statements of the Saskatchewan Correspondence School for the year ending March 31, 2003.

Respectfully submitted,



Judy Junor
Minister of Learning

103-06578/

SASKATCHEWAN CORRESPONDENCE SCHOOL REVOLVING FUND

FINANCIAL STATEMENTS

For the Year Ended March 31, 2003

Provincial Auditor Saskatchewan

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SASKATCHEWAN

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AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the balance sheet of the Saskatchewan Correspondence School Revolving Fund as at March 31, 2003 and the statements of operations and accumulated operating surplus/deficit and changes in accumulated net recovery for the year then ended. The Revolving Fund's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Revolving Fund as at March 31, 2003 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Fred Wendel, CMA, CA
Provincial Auditor

Regina, Saskatchewan
June 24, 2003

Statement 1

SASKATCHEWAN CORRESPONDENCE SCHOOL REVOLVING FUND
BALANCE SHEET
As at March 31

ASSETS

Current:	2003	2002
Petty cash	$ 225	$ 225
Accounts receivable	297,533	138,272
Inventories	46,574	54,454
Prepaid expenses	6,556	5,271
	350,888	198,222
Capital assets (Note 6)	56,433	36,664
Accumulated net recovery (Statement 3)	97,818	192,670
	$ 505,139	$ 427,556

LIABILITIES AND EQUITY

Current liabilities:		
Accounts payable and accrued liabilities	$ 124,772	$ 110,993
Unearned revenue	369,331	380,052
	494,103	491,045
Fund Equity:		
Accumulated operating surplus/(deficit) (Statement 2)	11,036	(63,489)
	$ 505,139	$ 427,556

(See accompanying notes to the financial statements)

Statement 2

SASKATCHEWAN CORRESPONDENCE SCHOOL REVOLVING FUND
STATEMENT OF OPERATIONS AND ACCUMULATED OPERATING SURPLUS/DEFICIT
For the Year Ended March 31

	2003		2002
	Budget (Note 10)	Actual	Actual
Revenue:			
Sales	$ 231,300	$ 234,209	$ 249,059
Less: Cost of goods sold	112,000	109,994	142,417
Gross profit	119,300	124,215	106,642
Registration fees	93,000	115,258	109,155
Tuition	1,210,387	1,142,395	1,150,239
Other revenue	2,975	7,266	15,612
Total Revenue	1,425,662	1,389,134	1,381,648
Operating expenses:			
Salaries	1,696,783	1,638,010	1,627,076
Marking fees	60,000	31,163	33,525
Computer support and maintenance	102,000	57,319	65,207
Telephone expense	32,000	23,995	25,680
Advertising and printing	25,400	18,200	23,644
Amortization	48,000	25,853	42,705
Office and educational expenses	37,097	44,493	25,009
Postage	80,000	87,808	88,783
Other	35,225	11,768	17,106
Total Expenses	2,116,505	1,938,609	1,948,735
Net income/(loss) from operations	(690,843)	(549,475)	(567,087)
Subsidy from General Revenue Fund	650,000	624,000	525,000
Net income/(loss) (Note 8)	($40,843)	74,525	(42,087)
Accumulated operating surplus/(deficit), beginning of year		(63,489)	(21,402)
Accumulated operating surplus/(deficit), end of year - to Statement 1		$ 11,036	$ (63,489)

(See accompanying notes to the financial statements)

Statement 3

SASKATCHEWAN CORRESPONDENCE SCHOOL REVOLVING FUND
STATEMENT OF CHANGES IN ACCUMULATED NET RECOVERY
For the Year Ended March 31

	2003	2002
Financing (provided by) required for operating activities:		
Net loss/(income)	$ (74,525)	$ 42,087
Items not affecting working capital		
- Amortization	(25,853)	(42,705)
Net increase/(decrease) in working capital items related to operations (Note 7)	149,608	33,964
	49,230	33,346
Financing required for investing activities:		
Purchase of capital assets	45,622	5,649
Net increase/(decrease) in financing requirements	94,852	38,995
Accumulated net recovery, beginning of year	192,670	231,665
Accumulated net recovery, end of year - to Statement 1	$ 97,818	$ 192,670

(See accompanying notes to the financial statements)

Statement 3

SASKATCHEWAN CORRESPONDENCE SCHOOL REVOLVING FUND
STATEMENT OF CHANGES IN ACCUMULATED NET RECOVERY
For the Year Ended March 31

	2003	2002
Financing (provided by) required for operating activities:		
Net (income)/loss	$ (74,525)	$ 42,087
Items not affecting working capital - Amortization	(25,853)	(42,705)
Net increase in working capital items related to operations (Note 7)	149,608	33,964
	49,230	33,346
Financing required for investing activities:		
Purchase of capital assets	45,622	5,649
Net increase in financing requirements	94,852	38,995
Accumulated net recovery, beginning of year	192,670	231,665
Accumulated net recovery, end of year - to Statement 1	$ 97,818	$ 192,670

(See accompanying notes to the financial statements)

SASKATCHEWAN CORRESPONDENCE SCHOOL REVOLVING FUND
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2003

1. Authority and Definition of Entity

The Revolving Fund was established April 1, 1990, pursuant to Section 11 of *The Education Act, 1995*. The purpose of the Saskatchewan Correspondence School Revolving Fund is to provide educational services at the high school level, Grades 9-12, to Saskatchewan residents through distance education.

2. Significant Accounting Policies

These financial statements have been prepared using Canadian generally accepted accounting principles. These financial statements do not present a cash flow statement because the required cash flow information is readily apparent from the Statement of Changes in Accumulated Net Recovery and Note 7. The following accounting policies are considered significant.

a) Net Financing Requirements

The net financing requirements is the cash outflow from/to the General Revenue Fund. It represents the total annual financing requirements resulting from the net capital acquisitions, working capital changes and net cash flows from operations.

b) Accumulated Net Expenditure/(Recovery)

The accumulated net expenditure/(recovery) of the Revolving Fund includes the following:

i) The net increase(decrease) in financing requirements for each fiscal year; and

ii) The book value of assets acquired at no charge from another government agency.

c) Capital Assets

Capital assets are recorded at cost. The cost and related accumulated amortization of items retired or disposed of are removed from the records and any gains or losses are included in the statement of operations and accumulated surplus. Donated equipment is recorded at fair market value.

Amortization is provided on office and audio/visual equipment on a straight-line basis at an annual rate of 20% from the date of acquistion. Computer software and hardware are amortized at an annual rate of 25% from the date of acquisition.

d) Inventory

Inventory is valued at the lower of average cost and net realizable value.

e) Revenue recognition

Revenue from tuition fees is recorded in income as the services are provided.

3. Authorized Financing

Section 11(12) of *The Education Act, 1995* provides for a maximum amount of accumulated net expenditures which may at any time be outstanding to be set by order of the Lieutenant Governor in Council. By Order in Council 776/90 the maximum amount has been set at $1,200,000.

4. Disposition of Accumulated Operating Surplus or Deficit

Treasury Board controls the operations of the Revolving Fund, in part by monitoring the amount of its accumulated operating surplus/deficit. If the amount falls above or below the limit specified by Treasury Board, management is responsible to present a plan to address the excess surplus/deficit for approval by Treasury Board. Plans may include, but are not limited to, payment of excess surpluses to, or requests for additional funding from, the General Revenue Fund. The limit of the Correspondence School Revolving Fund is $100,000.

5. Tuition Fees and Other Related Costs

The Revolving Fund's Correspondence School tuition fees and other related recoverable costs are described in the annual Correspondence School Calendar. These costs and tuition fees are reviewed periodically with the view to operating the Revolving Fund as close to the break even point as possible.

6. Capital Assets

	2003			2002
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Office & audio/visual equipment	$ 23,312	$ 19,656	$ 3,656	$ 1,873
Computer hardware/software	887,036	867,580	19,456	34,791
Office Furniture	34,175	854	33,321	-
	$ 944,523	$ 888,090	$ 56,433	$ 36,664

Amortization provided in the financial statements for the current year amounted to $25,853 (2002 - $42,705).

7. Net Change in Working Capital Items Related to Operations

	2003	2002
Increase in accounts receivable	$ 159,261	$ 12,259
Increase in prepaid expenses	1,285	3,720
Increase/(decrease) in inventories	(7,880)	9,770
Decrease/(increase) in accounts payable and accrued liabilities	(13,779)	21,749
Decrease/(increase) in unearned revenue	10,721	(13,534)
	$ 149,608	$ 33,964

8. Amount Reported in Public Accounts

The net (expenditure)/recovery of the Revolving Fund reported in the Public Accounts is the net income/(loss) of the Revolving Fund adjusted for the following differences in accounting policies and other adjustments between the Revolving Fund and the General Revenue Fund:

	2003	2002
Net Income/(loss)	$ 74,525	$ (42,087)
Decrease/(increase) in inventory balance	7,880	(9,770)
(Increase)/decrease in net capital assets	(19,769)	37,056
Amounts not included in Public Accounts due to timing	214,838	(42,696)
Net (expenditure)/recovery reported in the Public Accounts	$ 277,474	$ (57,497)

9. Related Parties

These financial statements include transactions with related parties. The Revolving Fund is related to all Saskatchewan Crown agencies such as departments, corporations, boards and commissions under the common control of the Government of Saskatchewan. Also, the Revolving Fund is related to non-Crown enterprises that the Government jointly controls or significantly influences.

Routine operating transactions with related parties are recorded at the rates charged by those organizations and are settled on normal trade terms. These transactions are as follows:

	2003	2002
Telephone	$ 23,995	$ 25,680
Postage	87,808	88,783

Other transactions with related parties and amounts due to/from them are described separately in the financial statements.

In accordance with established government policy, the Revolving Fund has not been charged with certain costs including occupancy, financing and certain administrative costs. These costs have been absorbed by various departmental appropriations and, therefore, no provision is reflected in these financial statements.

10. Budget

These amounts are included in the budget submitted to Treasury Board for approval. Treasury Board approves the Revolving Fund's budget annually.

11. Financial Instruments

The Revolving Fund's financial instruments include accounts receivable and accounts payable and accrued liabilities. Due to their immediate or short-term nature, the fair value of these instruments approximate the carrying value.

The fair value of the accumulated net recovery has been omitted because it is not practicable to determine the fair value with sufficient reliability.